

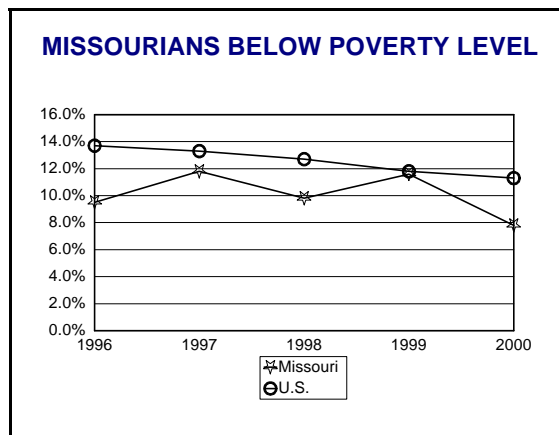
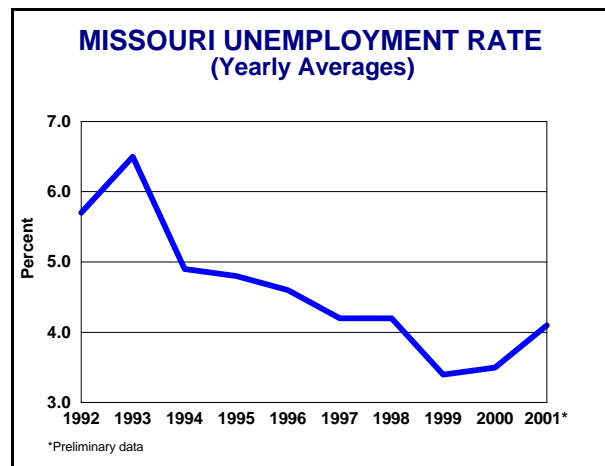
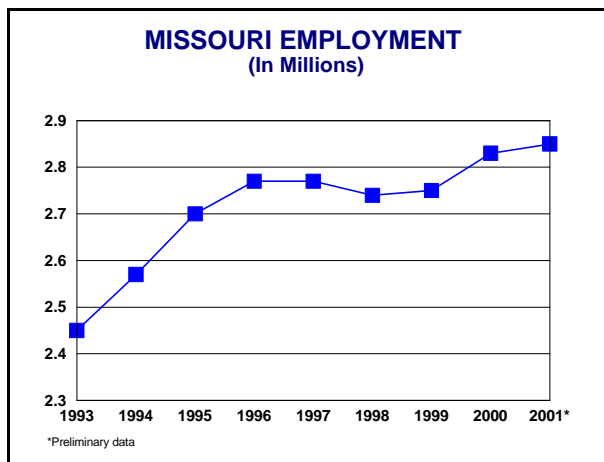
# MISSOURI BUDGET AND LEGISLATIVE AGENDA

## Families Achieving Financial and Job Security

**“For Missouri’s economy to grow, for our quality of life to improve, and for our children to have an opportunity to reach their full potential, we need to provide opportunities for Missouri families to build economic security and encourage businesses to invest in our communities.”**

**Governor Bob Holden**

Missouri’s unemployment rate of 4.4 percent remains well below the national average of 5.8 percent. In addition, Missouri’s poverty rate has stayed below the national poverty rate for several years, and dropped to 7.8 percent in 2000 — over three percentage points below the national rate. Given the national recession and the current economic climate stemming from the uncertainty surrounding the tragic events of September 11, Missouri must focus its recovery efforts on key areas that will boost the economic security of its families. Missouri’s economic future depends on the investment choices made today. In Fiscal Year 2003, Governor Holden proposes continued investment in job services for Missouri workers, business climate enhancements, and community revitalization.



In his first year, Governor Holden accomplished the following to make Missouri an economically secure place to live and work:

- Signed legislation to better utilize the state's job training incentives to provide training to new employees of life sciences and medical research companies. Consortia of small businesses with similar training needs will now be able to submit one shared application, and investments in technology can be considered under the Customized Training Program. Senate Bill 500 was signed into law June 20, 2001.
- Signed an Executive Order supporting downtown revitalization and historic preservation efforts in cities and towns of all sizes across Missouri. The order will encourage new state buildings and leased facilities to be located in central downtown districts throughout the state.
- Signed legislation creating the Farmland Protection Act. The bill will help create additional jobs and opportunities for smaller entrepreneurs through the Agricultural Product Utilization Contributor and New Generation Cooperative Incentive Program. Senate Bill 462 was signed into law June 28, 2001.
- Supported the development of the first State Technology Plan, which was designed to suggest the best uses of the state's limited funds to further economic development for the citizens and businesses of Missouri. The plan addresses the types of technology to be targeted, funding to develop these technologies, and the skills necessary for a technology-based workforce.
- Budgeted \$1 million for the University of Missouri Technology Park at Fort Leonard Wood. This project will enable continued economic growth and increase the number of technology based businesses in Missouri.
- Appointed the One Missouri, One Agriculture Task Force to examine ways to improve the state's agricultural industry.
- Signed an Executive Order establishing a life sciences program for Missouri. The program will leverage additional private and public funding resources, provide research opportunities for Missouri's colleges and universities, enhance food safety, increase agricultural production, enrich the state's environment, and improve the health of citizens.
- Budgeted \$21.5 million in Fiscal Year 2002 to enhance Missouri's life sciences infrastructure.

## IMPROVING SERVICES THAT FIND GOOD JOBS FOR MISSOURI WORKERS

Governor Holden is committed to taking additional steps to strengthen the economy by maximizing our existing resources, enhancing and redesigning existing programs, and making state services more effective and accessible to more Missourians.

Unfortunately, due to the current recession and economic decline after the events of September 11, unemployment in Missouri is up as compared to a year ago. At the same time, the first deadline for ending payments to citizens who are served through the federal Temporary Assistance for Needy Families Program (TANF) is July 1 of this year. Governor Holden recognizes that the state must be more aggressive in preparing Missouri's workforce for the new economy of the 21<sup>st</sup> Century.

The Governor is committed to improving services to all Missourians who need assistance finding jobs, accessing job training programs, or pursuing new career plans. To increase opportunities for economic security for Missouri's families, improve the services available to assist those searching for work, and help employers locate qualified workers quickly, the Governor will:

- Strengthen partnerships among state agencies to ensure services provided to Missourians are coordinated and not duplicated. The Missouri Training and Employment Council (MTEC), the State Board of Education, and the Coordinating Board for Higher Education will send a joint plan to the Governor later this year. The plan will recommend ways the state can establish a coordinated system of "lifelong learning" for our workforce that helps us to weather future economic crises and to take advantage of new jobs in emerging industries.

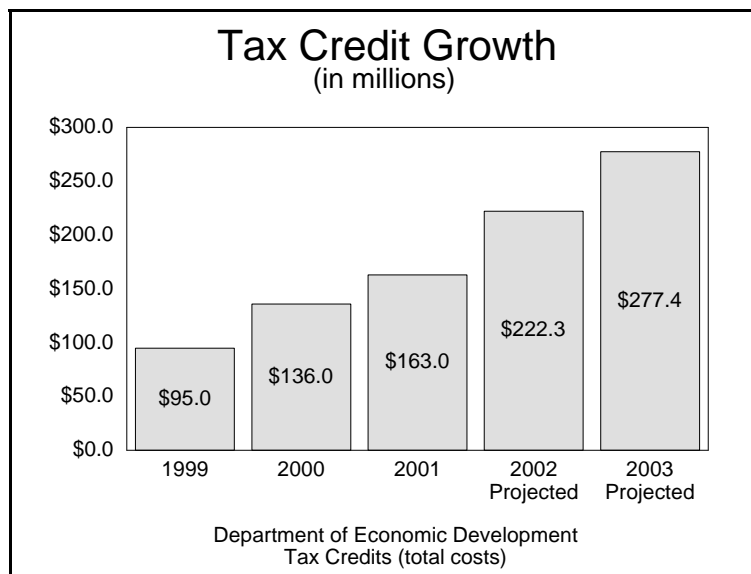
- Activate a new website - **GreatHires.org** - to provide access to job services 24 hours a day, 7 days a week, from any location. Employers can use the site to post job openings; job seekers can post resumes. Career counseling, information on education and training, and resources for workers will be available through the website.
- Make job services available in multiple languages. Web-based resources will be offered to Missourians in other languages, beginning with Spanish.
- Place a new emphasis on Missouri Career Centers, which are located across the state and provide citizens with a full range of career services. These centers are ready to assist Missourians with job training opportunities, help with interview and resume skills, and match job seekers with potential employers. Missouri Career Centers can also screen potential applicants for employers.
- Provide a new toll-free jobs service line – **1-888-728-JOBS**. This number can be called from anywhere in the state, and it will connect the caller with the closest Career Center. It will allow Missourians quick access to job counselors who are familiar with the worker's community and have information about jobs across the state.

## REFORMING TAX CREDIT PROGRAMS TO PRODUCE GREATER BENEFIT FOR ALL MISSOURIANS

Missouri is fortunate to have economic and community development programs that help create high quality jobs, increase personal income, and build stronger communities. The state's development strategies directly or indirectly touch the lives of all Missouri citizens.

One important element of Missouri's development programs is the use of tax credits that are designed to leverage private sector investments, that would not have occurred otherwise, in the state's businesses or communities. Even though each tax credit program was enacted to achieve a specific goal, the state should know whether all the programs continue to produce a good return on the public's investment through foregone tax revenue.

Good tax credit investments in high-quality, high-paying jobs; in the productivity of firms and farms; and in community quality of life will bring economic and other benefits to the state over time. The amount of redeemed development related tax credits has grown – from \$95 million in Fiscal Year 1999 to a projected \$222.3 million in Fiscal Year 2002 and a projected \$277.4 million in Fiscal Year 2003. At the same time, state revenue growth is rising only slightly. Governor Holden supports a comprehensive review of Missouri tax credit programs.



## **TAX CREDIT REFORM**

To maximize and ensure the state's return on its investment, Governor Holden will direct the Department of Economic Development and its Ad Hoc Task Force on Tax Credits to work with the General Assembly to:

- Reform and modernize the state's 31 development related tax credit programs, and to prioritize investments in job creation and redevelopment in targeted rural communities, urban centers, and inner cities. The state's three target industries of life sciences, advanced manufacturing, and information technology should also be prioritized in any proposed reform package. Existing programs should be evaluated and recommendations to alter or eliminate them should be based on the following criteria:

Effectiveness – Are credits producing good results; can the desired results be better defined? Are there better ways to target credits to needy urban centers/ inner cities and rural communities?

Efficiency – Is it possible the credits could get the same or greater benefit at less cost to the state?

Greater administrative uniformity and clarity – Can the existing programs be streamlined and simplified?

Cost – Does the program have a predictable annual cost? If not, can the program be altered to achieve this?

- Explore ways to reinvest a portion of any savings associated with tax credit changes in the creation of high wage jobs, assistance to small businesses, and technology development in inner cities and rural communities.

## ENHANCING MISSOURI'S BUSINESS CLIMATE

Missouri experienced challenges in 2001 as the longest economic expansion in U.S. history came to an end. Despite rising unemployment rates and the loss of jobs, personal income continued to grow at a rate of .73 percent, second among Missouri's neighboring states. Further, in 2001, more than 100 businesses assisted by the Department of Economic Development announced plans to move or expand into the state resulting in additional jobs for Missourians.

During July and August, Governor Holden convened nearly 300 business, community, academic, and government leaders in three roundtables to develop strategic plans for the key industries of life sciences, advanced manufacturing, and information technology. All strategies developed from these three roundtables contributed to the State Technology Plan.

**Life Sciences** - Focused on identifying strategies for attracting life sciences companies.

**Advanced Manufacturing** - Addressed how to encourage companies to adopt advanced manufacturing practices with more speed, newer technologies, and higher skilled workers. This industry accounted for eight percent of Missouri wages in 2000, with an average wage per job of more than \$52,000.

**Information Technology (IT)** - Explored how to expand the information technology industry and how to use information technology to increase the competitiveness of all Missouri businesses, regardless of geographic location. The IT sector generates high-paying, high-technology jobs and accounted for over eight percent of our gross state product in 1999 and the employment of over 100,000 Missourians. Other types of businesses in Missouri will continue to prosper and grow, but the aforementioned three areas are the foundation upon which the state can build economic success for Missouri families in the 21<sup>st</sup> Century. The Governor will continue to target the state's services to maximize its benefit from investment in its targeted industries.

### Life Sciences: A Priority for 2003

This year the Governor will continue to invest in the life sciences to enhance Missouri's future economic potential. Missouri is positioned to be a world leader in the life sciences industry. Overall, the life sciences industry contributes an estimated \$23 billion to Missouri's economy. Over 300 life sciences firms in the state directly support 170,000 jobs.

Life sciences represent the cornerstone around which the state can build a strong, competitive economy and provide for a healthy citizenry. These efforts will also help Missouri's vital agricultural sector. Missouri must create a climate where individuals and businesses can successfully commercialize leading-edge technology to create the next generation of life sciences products and services. It is crucial to invest in Missouri universities to develop our native talent and provide facilities for students and faculty to conduct groundbreaking research. The Fiscal Year 2003 budget includes \$21.6 million for life sciences research and development.

## REVITALIZING URBAN CENTERS AND RURAL COMMUNITIES

Governor Holden believes that a strong Missouri economy is based on both healthy urban neighborhoods and rural communities across the state. As Missouri faces the current recession, the challenges rural and urban communities face are often more similar than different. The state will achieve economic improvements by implementing strategies that produce economic security, opportunity, growth, and a high quality of life for all Missouri citizens.

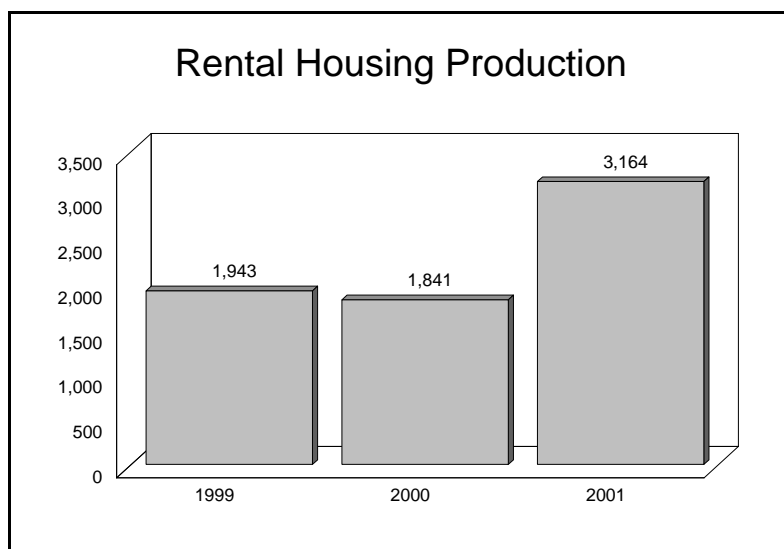
### Economic Security through Affordable Housing

The Missouri Housing Development Commission (MHDC) administers programs that provide low-interest financing and federal and state housing tax credits to encourage the development of affordable rental housing in Missouri. Affordable housing contributes significantly to economic security, stable families, safe communities, and quality of life. In the last three years, MHDC has been able to assist in the development of 6,948 affordable housing units. The total construction and development costs for all MHDC rental housing units under this program is estimated to be \$231 million in 2001; a major contribution to economic development and job creation efforts of the state. Governor Holden is committed to providing incentives for the continued development of high-quality, low-cost housing in urban and rural areas.

### Renovation and Redevelopment of Property and Infrastructure

Community landscapes are being improved through targeted state investments. These investments eradicate structural blight, remove contaminated and abandoned buildings, rehabilitate existing structures, and contribute to the redevelopment of public areas.

The most notable state investment in renovation and reuse is through the nationally recognized Historic Tax Credit Program, which preserves historic commercial and residential structures in all parts of Missouri for future generations. Last year historic preservation investments of Missouri homeowners and businesses were leveraged by \$34 million of state tax credits; that amount is projected to reach \$65 million by the end of this fiscal year. Likewise, through the Brownfield Redevelopment Program, urban and rural communities have fewer contaminated and abandoned structures as a result of nearly \$4.5 million in state investments during Fiscal Year 2001 and a projected investment of \$7 million in Fiscal Year 2002.



The Missouri Development Finance Board approved investments of \$8.8 million in leveraged incentives designed to build public infrastructure projects, contributing to the revitalization of communities throughout the state. The Neighborhood Preservation Program contributed \$500,000 in investments during Fiscal Year 2001 to help rehabilitate owner-occupied housing and construct new owner-occupied homes in areas of transition across Missouri. That amount is projected to grow to \$8.5 million during Fiscal Year 2002.

Governor Holden is committed to continuing targeted state investments that will produce environmentally safe and hazard-free communities, improve public facilities, and preserve historic structures that will enhance the quality of life for all Missourians and attract new private sector investments and development.

### **One Missouri, One Agriculture Task Force**

Agriculture has been the foundation of Missouri's economy for generations. To grow in the new 21<sup>st</sup> Century economy, Missouri's farms and agribusinesses need access to capital, new and high value markets, and a favorable business climate. To develop a plan to advance development in Missouri agriculture, Governor Holden appointed the One Missouri, One Agriculture Task Force to study the state's needs and assets, and chart a course for the future. The Task Force identified four priorities for Missouri's farm economy:

- Create a favorable business climate.
- Expand investment in production and marketing opportunities.
- Increase access to capital for business creation and expansion.
- Build organizational and communications infrastructure to better serve the agricultural community.

To begin meeting these objectives and create a stronger agricultural economy, the Governor recommends:

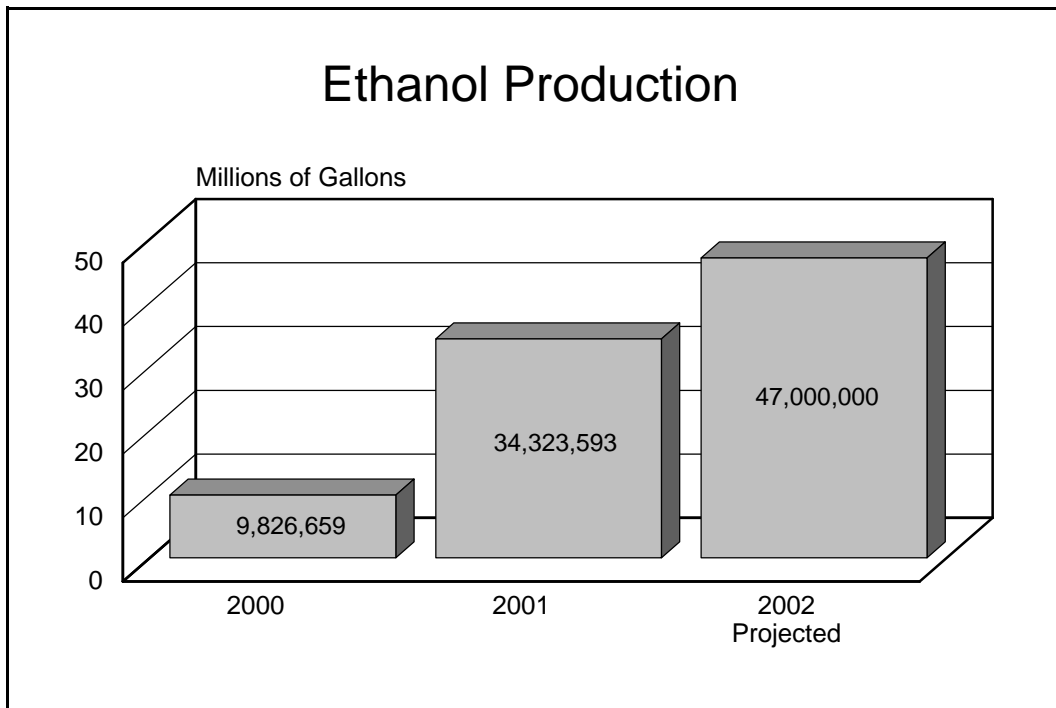
- Increasing coordination among the Missouri Department of Agriculture, the Department of Natural Resources, and other agencies regarding environmental regulations, economic development programs, and mapping the state's assets for business and rural expansion.
- Investing in market expansion, creating standards for high value organic production methods, and developing infrastructure for agricultural advances in life sciences.
- Evaluating the state's agricultural incentive programs to ensure they create maximum opportunities for targeted entrepreneurs.

### **Expanding Farm Business Enterprises**

The viability of Missouri's small farms and rural communities is at risk if farmers do not have access to capital to seek new ventures that add value to the agricultural products they produce. Ethanol-based fuel improves air quality and increases the productivity of Missouri farms. The Missouri Ethanol Producer Incentive Fund provides economic subsidies to qualified ethanol producers. Two plants, in Macon and Holt counties, process 14 million bushels of corn that produce an estimated 37 million gallons of ethanol each year. To help farmers add value to their commodities, the Governor recommends:

- \$6 million in New Generation Cooperative Incentive Tax Credits. Cooperatives, like Missouri's two ethanol plants, are eligible for credits if they convert agricultural commodities into value-added goods.
- \$4.9 million to continue producer incentives supporting Missouri's ethanol plants.
- \$270,000 to expand markets for products through AgriMissouri, which promotes buying Missouri products through special events, advertising, matching fund programs, and publication of a buying guide.





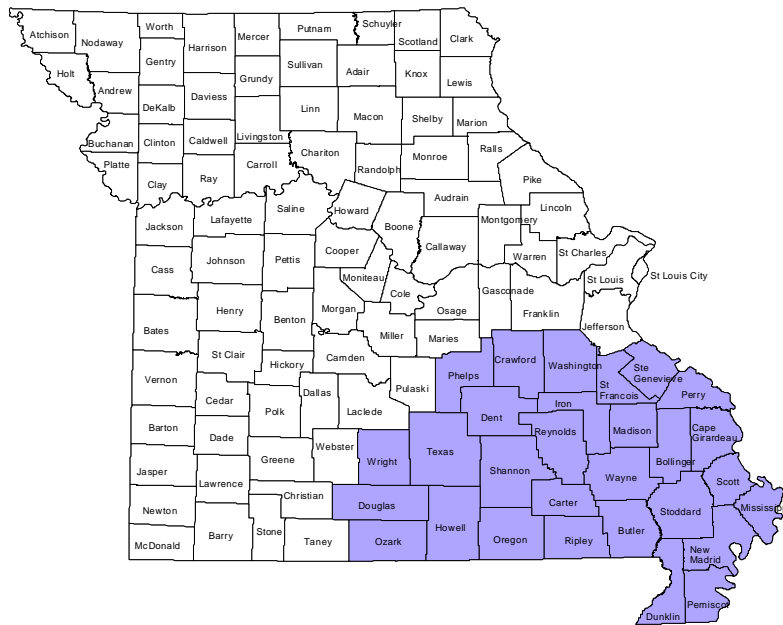
### Delta Regional Authority

The Delta Regional Authority Act of 2000 was enacted by Congress and signed into law by President Clinton on December 21, 2000 (Public Law 106-554). The Delta Region, rich in heritage and long plagued with problems that have hampered its ability to prosper even in the economic expansion of the 1990s, encompasses 236 counties in eight states: Missouri, Arkansas, Louisiana, Tennessee, Illinois, Kentucky, Mississippi and Alabama. In Missouri, the Act covers 29 counties in the southeast and south central parts of the state. These counties have unemployment rates

much higher than the state average, as high as 12.5 percent, and per capita income well below the state average.

With a minimal state investment, this initiative is expected to result in \$3.5 million in federal funds to assist in building infrastructure and to further improve economic development, transportation, education, health care, and housing in the Delta Region. Although the exact amount of funding will not be known until spring 2002, the Delta Regional Authority will benefit many Missourians.

## Delta Regional Authority



### Delta Regional Authority Missouri Counties

**Bollinger  
Butler  
Cape Girardeau  
Carter  
Crawford  
Dent  
Douglas  
Dunklin  
Howell  
Iron**

**Madison  
Mississippi  
New Madrid  
Oregon  
Ozark  
Pemiscot  
Perry  
Phelps  
Reynolds  
Ripley**

**Scott  
Shannon  
St. Francois  
St. Genevieve  
Stoddard  
Texas  
Washington  
Wayne  
Wright**

[Budget & Planning Home Page](#)

[Table of Contents](#)